

HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII

**MINUTES OF THE REGULAR MEETING
OF THE HOUSING AND COMMUNITY DEVELOPMENT
CORPORATION OF HAWAII
HELD AT THEIR OFFICE AT 677 QUEEN STREET
ON THURSDAY, APRIL 13, 2006,
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII**

**AMENDED
(05/18/06
Meeting)**

The Board of Directors of the Housing and Community Development Corporation of Hawaii met for their Regular meeting at 677 Queen Street, on Thursday, April 13, 2006, at 9:00 a.m.

The meeting was called to order by Chairman Charles Sted and, on roll call, those present were as follows:

**CALL TO
ORDER/
ROLL CALL**

PRESENT: Director Charles A. Sted, Chairman
Director Charles King, Vice Chairman
Director Francis L. Jung, Esq.
Director Linda Smith
Director Travis O. Thompson
Designee Henry Oliva
Designee Rick Manayan

Executive Director Stephanie Aveiro

Staff Present: Sandra A. Ching, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Dean Sakata, Finance Specialist
Marlene Lemke, Sales & Counseling Section Chief
Derrick Dahilig, Information Officer, Dept. of Human Services
Edmund Morimoto, Construction Management Section Chief
Derek Fujikami, Construction Management Unit Chief
Thomas Otake, Acting Development Section Chief
Stanley Fujimoto, Project Manager
Chris Sadayasu, Housing Development Specialist
Leo Domingo, Housing Development Specialist
Gary Umeda, Inspection Technician
Rick Sogawa, Resident Services Section Chief
Earl Nakaya, Program Specialist, Resident Services Section
Sandra Miyoshi, Homeless Programs Branch Chief
Lili Funakoshi, Hearings Officer
Joel Leong, Specialist Assistant
Adrienne Gardner, Housing Information Specialist

Others: Betty Thomas, Ohana O Hawaii
Rudy Peralta, Ohana O Hawaii
Mio Sapolu, Ohana O Hawaii
Joe Na Hoopii, Ohana O Hawaii
Edward Gheck, Ohana O Hawaii
Zernando Stephen, Ohana O Hawaii
Steve Na Hoopii, Ohana O Hawaii
Leinati Matautia, Ohana O Hawaii
Celeste Kekoolani, Ohana O Hawaii
Bradley Raposos, Ohana O Hawaii
Timios Rikyo, Ohana O Hawaii
Carl P. Mark, Ohana O Hawaii
Maria Siaris, Ohana O Hawaii
Wayne Siaris, Ohana O Hawaii
Tom Miura, Ohana O Hawaii
Julio Angel Vasques, Jr., Ohana O Hawaii

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Others: (continued)

David Venwar, Ohana O Hawaii
Dayle Kalima, Ohana O Hawaii
Cheyenne Suka, Ohana O Hawaii
Betty Ekema, Ohana O Hawaii
Rene Adriatico, Ohana O Hawaii
Kauai Scharseh, Ohana O Hawaii
Kapua Sproat, Earth Justice
Charlie Reppun, Kalopa'a
Meala Bishop, Kalopa'a
Dan Bishop, Kalopa'a
Patricia Deliz, Island Tenants on the Rise (ITOR)
Robert Cappella, Waiahole Waikane Community Association
David Chinen, Waiahole Waikane Community Association
Bernie Lam Ho, Waiahole Waikane Community Association
Emil Wolfgram, Waiahole Waikane Community Association
Calvin Choy, Hawaiian Telcom
Karen Sunihara-Teruya, Hawaiian Telcom
Wallace Jorju, Ala Moana Beach Park, Circle of Life
Tei Fasia, Ala Moana Beach Park, Circle of Life
Ruth Ann Anderen, Ala Moana Beach Park, Circle of Life
Johnny Heam, Ala Moana Beach Park, Circle of Life
Riso Jitiam, Ala Moana Beach Park, Circle of Life
Nora Korek, Ala Moana Beach Park, Circle of Life
Amy Leursen, Hui Ulu Mea Ai
Eric Enos, Kaala Farm, Inc.
Kirk Mathews, KHON TV
Bob Cramer, KHON TV
Terry George, Harold K.L. Castle Foundation
Lydia Garcia, Resident, Waiahole Waikane Valley
Delan Jolikip, Snelling
Desiree Keliikupakala (did not indicate organization)
James Medeiros (did not indicate organization)
William Medeiros (did not indicate organization)
Robert Freitas, Kawaiaha'o Church
Patricia Colburn, Homeless
Rev. Robert Nakata, 23-237A Waihee Road, Kaneohe
John L. Reppun, 47-200 Waihee Road, Kaneohe, HI
John Kibel, Jr., 48-450 Kamehameha Highway, Kaneohe
Elizabeth Royos, 48-161 Waiahole Valley Road
Filisima Manalo, 48-163 Waiahole Valley Road
Jose Royos, 48-161 Waiahole Valley Road
Richard Garcia, 48-228 Kamehameha Highway, Kaneohe
Dalphine Nisa, 2135 Ahe Street, Apt. 19-C, Honolulu
Lusila Sefo, 2130 Ahe Street, Apt. 12-B, Honolulu
Roosevelt Freeman, Office of Rep. Colleen Meyers, State Capitol
Stewart Matsunaga, Department. of Hawaiian Home Lands
Gwen Kim, Queen Liliuokalani Children's Center
Vince Dody, Community Member, Ai Pohaku
Andrade Silva, Self Help Housing Corporation of Hawaii
Bill Barton, Court Reporter, Carnazzo Court Reporting Company

The Chairman declared a quorum present.

QUORUM

Chairman Sted indicated that the Board agenda items would be discussed in the following order:

1. Item IV.B.6., Homeless Programs Branch Monthly Status, under Reports on Agency Sections;
2. Item II.A., Approval of Minutes, Regular Meeting – March 16, 2006;

**DISCUSSION
OF BOARD
AGENDA
ITEMS**

- 3. Items III.A., III.B., III.E., III.F., III.H., under Discussion and/or Decision Making;
- 4. Items III.C., III.D., and III.G., under Discussion and/or Decision Making;
- 5. Item IV., Report of the Executive Director

Chairman Sted asked the guests, or if the group had a spokesperson, to provide testimony and/or comments.

Betty Thomas, Ohana O Hawaii - Ms. Thomas indicated that the homeless people from Ala Moana Beach Park want a permanent place in which to live. She noted that their situation is an emergency one and mentioned the 700+ vacant units in the public housing buildings. Because the public housing agency does not have sufficient workers to repair these vacant units, the Ohana O Hawaii would like to volunteer their people as well as their skills to help HCDCH repair some of the units right away, as a starter, and continue with more units if all goes well. They are also willing to sign “waivers” that would release the HCDCH from all liability. They feel that because of the constant criticism of the HCDCH, their volunteer help would become a win/win situation for everyone involved. Ms. Thomas also indicated that using the Ohana O Hawaii people would be preferable to using prisoners since prisoners are not volunteers. This group would like the opportunity to volunteer just as the volunteers of PSI World were used to repair public housing units on Maui.

The Chair thanked Ms. Thomas for her comments.

Cheyenne Suka, Ohana O Hawaii, Circle of Life, who spoke on behalf of the houseless people who were evicted from Ala Moana Beach Park. The group is demanding to have affordable houses. They are organized and can volunteer immediately to help build houses for their people who are carpenters, electricians, plumbers, etc. Ms. Suka stressed the “emergency” situation. They are also willing to sign a “waiver” to release the HCDCH from all liability. They are houseless, and their need is immediate.

The Chair thanked Ms. Suka for her comments.

Julio Vasques, Ohana O Hawaii – Mr. Vasques indicated that he is houseless, and effective Saturday, April 15, he, and the Ohana O Hawaii people, will have no where to go. So he asked that this issue be addressed immediately, and added that it is an admirable thing that all these houseless people are willing to volunteer and sign waivers and help to do the repair work without asking for pay. They are asking for the opportunity to do something for themselves. Mr. Vasques indicated that America is built on people helping people, and this is the freedom that everyone should be allowed to exercise.

The Chair thanked Mr. Vasques for his comments.

Chairman Sted asked if the Directors had any questions.

Director Jung queried whether or not, in connection with any State project, the requirement of the Davis Bacon Act of paying the prevailing wage, or to use labor from unions that require it, would apply in this situation. Could the HCDCH use these volunteers?

Chairman Sted reiterated that the question has been asked by Director Jung whether or not the Davis Bacon Act applies to any action that the Board would take and that the staff would take with regards to the proposal from the Ohana O Hawaii to provide volunteers to do the repair work of the vacant public housing units.

The Chair asked Deputy Attorney General Sandra Ching, legal counsel to the Board, to do the necessary research to answer the question and report back to the Board. He asked that the research be done immediately after this meeting adjourned.

**REPORT OF
THE
EXECUTIVE
DIRECTOR
Reports on
Agency Sections**

IV.B.6.
Homeless
Program
Branch
Monthly Status

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Chairman Sted asked if the Directors had any further questions.

Director Smith indicated that constructive suggestions had been raised by members of the audience and that it would be helpful to them if Executive Director Aveiro would provide a status report on the agency's vacant units, what her thoughts are regarding what steps would be involved in accepting the offer by the Ohana O Hawaii, and what would be some of the issues that the Board Members would need to address in this matter.

For the benefit of the audience, Chairman Sted repeated that Director Smith asked Executive Director Aveiro to review the status of the vacant units and the actions that are being taken to put those units back into occupancy and to cover the many issues that are involved in accomplishing that work.

Executive Director Stephanie Aveiro responded as follows:

- Agenda Item IV.B.6., Homeless Status. She referred to the two letters from Governor Linda Lingle: one dated March 15, 2006 to service providers on the Governor's efforts to combat homelessness in Hawaii, and the second dated April 3, 2006, thanking the attendees of the Governor's Homelessness Summit Meeting for sharing their ideas for addressing homelessness in Hawaii. The goal is to house the homeless people, to end homelessness and rebuild lives by focusing on everyone's time and talents to accomplish this goal.

Executive Director Aveiro indicated that these two letters capsule what has been taking place during the last month on the homeless issue. What resulted from the meeting is that there is a "crisis" and that something needs to be done about all the people who are houseless. The administration, the HCDCH Homeless Programs coordinator, Sandra Miyoshi (who was not at the meeting at this time as this agenda time was to be discussed later in the meeting), and the HCDCH staff have been working together on this emergency status to determine what can be done.

Executive Director Aveiro further reported that site inspections of Kalaeloa (fka Barbers Point) have been done, and the Governor would be meeting with various church groups shortly. The HCDCH is also looking at alternatives to address the homeless issue other than providing funds to the service providers. The Governor has also requested the Legislature to increase her executive supplemental budget for homeless shelters and services by \$20 million. So, many individuals are involved in treating this issue as the emergency that it is.

Executive Director Aveiro complimented the Ohana O Hawaii for organizing their group and suggested that this group continue to work with the HCDCH, and the HCDCH homeless programs coordinator, to combine their efforts into HCDCH's volunteer efforts.

- Vacant Units. Volunteers who are used to assist the HCDCH to repair vacant units do not get paid. However, the HCDCH is required to have its staff on an overtime basis to help supervise the volunteers, obtain the materials, etc. Also, the HCDCH has a list of applicants who qualify to receive the fixed vacant units. So, because these volunteers are helping to repair the vacant units does not mean that they are eligible to occupy the units or can they be placed ahead on the waiting list. The HCDCH must abide by the rules and regulations. Executive Director Aveiro wanted to be sure that the audience understood how the process works, and thanked them for wanting to be part of the solution to end homelessness.

The Chair thanked Ms. Aveiro for her report.

The Chair asked if the Board Members had any other comments or questions.

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Director Smith indicated that since the Ohana O Hawaii group faces the April 15, 2006 deadline to remain at Kawaiahao Church, there needs to be some extra urgency to meet with the individuals. Executive Director Aveiro suggested that a timetable be put together before those individuals leave the church, and perhaps have someone talk to Kawaiahao Church about obtaining an extension for another month. Ms. Betty Thomas indicated that there are approximately 100 people/night sleeping at the church.

Director Thompson also suggested that, given the emergency of the situation, that the Board coordinate with those organizations who attended the Governor's Homelessness Summit Meeting and use their available resources to provide a place for the Ohana O Hawaii people. He asked Executive Director Aveiro to take on this role, and she responded in the affirmative.

Executive Director Aveiro responded that the HCDCH will contact Kawaiaha'o Church about the extension, and, if the extension is not granted, HCDCH will also inquire about finding another church with a community-type facility that the group could move to after April 15, 2006.

Chairman Sted asked if anyone else wished to address the Board.

Reverend Robert Nakata indicated that he has been working awhile on the issues of the homeless. He indicated that it was his understanding that Kawaiahao Church would be razing the facility to build a new one, and that their plans were to do this shortly.

However, he mentioned that Central Union Church would be holding a meeting this afternoon where the subject of how they may be able to help would be discussed. Other churches were also expected at that meeting. The churches have been responding more than they did in the past; however, they cannot be relied upon to resolve all the homeless problems. There will be a need for resources to continue the effort.

Additionally, one of the bills being considered by the Legislature is to have the HCDCH work with the counties in setting aside vacant parcels, or areas, where the homeless could pitch tents, or build other types of structures to house the homeless, with supervision. Earlier attempts to do this did not include the supervision factor. The organization of the Ala Moana Beach Park group is an example of what can happen when the houseless organize themselves and have a minimum of supervision, in this case, from the church.

Reverend Nakata also indicated that he would report back to Ms. Aveiro on the results of the meeting with Central Union Church.

James Medeiros – Suggested that a park or an area be opened up where the houseless could pitch tents without being bothered.

Director Smith asked if someone could give the Board a status report on the area next to the Honolulu Police Department where the City put the displaced people from Ala Moana Beach Park.

In response, Mr. Medeiros indicated that the displaced people have incurred some problems with the police and do not want to be next to the police station.

Chairmen Sted asked if the Board Members had any further questions.

Director Smith commented that one of the organizations who attended the Governor's Homelessness Summit Meeting was Family Promise. They work with approximately 250 churches on Oahu, and although they would not be able to accommodate 100 people, Family Promise has been able to accommodate between 10 to 14 people at a time. So, Director Smith suggested that the Ohana O Hawaii group contact Family Promise and explore what options that might be available to them.

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Executive Director Aveiro indicated that she would contact Kawaiahao Church this afternoon to confirm the Saturday deadline and to request an extension, even for one week. Then, she would proceed to work with Ohana O Hawaii to determine: 1) where would they go after Saturday, April 15, 2006; and 2) how to incorporate their offer of assisting to repair the vacant public housing units into HCDCH’s volunteer efforts. The agency will also look to work with the various church groups to seek their help. Ms. Aveiro did indicate though that another location must be found, if not the grassy knoll next to the Police Station, even for a few days, while another community center type is found.

Chairmen Sted said that the Board and the HCDCH staff will join in the effort. The Governor’s Office is involved, the leaderships of the churches are involved, and the Ohana O Hawaii has organized its own leadership to help resolve this problem.

No action was taken by the Board at the meeting.

Director Smith made two suggestions: 1) Obtain the names and telephone numbers of the leadership individuals of Ohana O Hawaii ,and 2) Prepare a list of all those individuals identified at the meeting who have carpentry, plumbing, or electrician skills and submit this list to Executive Director Aveiro.

Chairman Sted indicated that would be a staff assignment.

The Chair thanked the Ohana O Hawaii for coming to the meeting to share their concerns with the Board Members and HCDCH staff and also for their offer.

Chairman Sted acknowledged Ms. Leinati Matautia, who introduced herself as the media coordinator and chairperson for Ohana O Hawaii (Justice for the Houseless).

The Chair called for a 15 minute recess. **RECESS**

Director King moved, seconded by Director Oliva

That the meeting be recessed at 9:40 a.m.

The motion was unanimously carried.

The Chair reconvened the meeting at 9:55 a.m. **RECONVENED**

Chairman Sted continued the meeting with the following Board agenda items:

Director Smith moved, seconded by Director King,

That the minutes of the Regular Meeting held on March 16, 2006 be approved with the following amendments:

Page 178, Title in right column, delete [Renal] and replace with “Rental”
Page 184, Paragraph 9 that begins with “Director Smith suggested...” Sentence 4, correct word [wholistically] to read “holistically.”

**II.A.
APPROVAL
OF MINUTES -
REGULAR
MEETING -
3/16/2006**

The motion was unanimously carried.

Mr. Rick Sogawa, of the Resident Services Section, presented the For Information, to acknowledge the new officers of the Puuwai Momi Resident Association (PMRA).

**III.
DISCUSSION
AND/OR
DECISION
MAKING**

Puuwai Momi is a 260-unit federal housing complex located in Aiea, Oahu. Mr. Sogawa indicated that the PMRA was initially recognized by the HCDCH Board of Directors on March 21, 2003 and has been active in various community activities.

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One of the more visible projects undertaken by this association is their annual Keiki Olympics where youths between ages 5 to 13 compete in relay games and learn teamwork. The residents who volunteer their time for the Keiki Olympics also learn how to plan, implement and participate in this event. Additionally, the Association also participates in an annual Christmas celebration for the Puuwai Momi residents.

The Puuwai Momi Resident Association elections were conducted on February 15, 2006, with Aiea Elementary School, Management Unit 1, and the Resident Services Section overseeing the elections. Aiea Elementary School, the 3rd party observer, verified that the process was fair and impartial and was conducted pursuant to the Association's bylaws. The Resident Services Section and the HCDCH Compliance Office have also reviewed all documents to be in conformance with 24 CFR 964.

Mr. Sogawa indicated that the elected officers are:

Ms. Heather Kahawai, President
Ms. Christine Ke-a, Vice President
Ms. Noji Surber, Secretary
Ms. Naomi Medeiros, Treasurer
Ms. Donna Avilla, Sergeant at Arms

Mr. Sogawa relayed the regrets of the new officers who were not present to be acknowledged at the Board meeting.

Mr. Rick Sogawa, of the Resident Services Section, presented the For Information, to acknowledge the new officers of the Palolo Valley Homes Ohana Resident Association (PVHORA).

Palolo Valley Homes is a 118-unit federal housing complex located in Honolulu, Oahu. Mr. Sogawa indicated that the Palolo Valley Homes Ohana Resident Association was initially recognized by the HCDCH Board of Directors on May 15, 2003, and has been active in various community activities. One of the more visible projects that the Association has undertaken during the past year is the monthly cultural day where a different ethnic group in the community is highlighted with food, music, and language. Mr. Sogawa also noted the volunteer resident patrol that the PVHORA has formed to keep their community safe.

Elections of the PVHORA were conducted on February 17, 2006, with Jarrett Middle School, Urban Real Estate, and the Resident Services Section overseeing the elections. Jarrett Middle School, the 3rd party observer, verified that the process was fair and impartial and was conducted pursuant to the Association's bylaws. The Resident Services Section and the HCDCH Compliance Office have also reviewed all documents to be in conformance with 24 CFR 964.

Mr. Sogawa indicated that the officers elected are:

Ms. Daphne Nisa, President
Ms. Jan Ii, Vice President
Ms. Ray Fina Hilongo, Secretary
Ms. Lucy Sefo, Treasurer
Ms. Auala Sefo, Sergeant at Arms

Mr. Sogawa indicated that the President, Ms. Nisa, and the Treasurer, Ms. Sefo, were at the meeting to represent the PVHORA. A brief recess was taken for picture-taking with the new officers.

Director Thompson indicated his pleasure in the progress that was made in having these two resident associations become recognized by the HCDCH Board of Directors and indicated the Board's appreciation for the good work that they are doing for their projects.

III.A.
Acknowledgement of New Officers for the Puuwai Momi Resident Association

III.B.
Acknowledgement of New Officers for the Palolo Valley Homes Ohana Resident Association

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The Chair asked for a motion to approve.

Director King moved, seconded by Director Manayan,

Executive Director asked Mr. Stan Fujimoto, project manager, to present the For Action.

Mr. Fujimoto reported that the HCDCH has conveyed Villages 1A and 1B of the Villages of Leiali'i to the Department of Hawaiian Home Lands in accordance with the transfer agreement between HCDCH and DHHL. One of the lots in Village 1A, Lot 104, was conveyed subject to a right of entry to GTE Hawaiian Tel, nka Hawaiian Telcom, Inc. The right of entry was for telecommunications equipment, and GTE built some equipment on Lot 104.

Because DHHL wants to use Lot 104 for residential purposes, they submitted a request to Hawaiian Telcom, Inc., to remove the telecommunications equipment on Lot 104. The deadline to do this was March 2006.

To facilitate the relocation of the equipment from Lot 104, staff is requesting the Board's approval of an easement mauka of the boundary of Village 1A and the Leiali'i Parkway. The size of the easement is 25 feet by 30 feet, will be an exclusive easement, and will be gratis.

Staff is also requesting the Board's approval for a nonexclusive access to the site with the Leiali'i Parkway.

Mr. Fujimoto stated that Mr. Stuart Matsunaga from the DHHL, Mr. Calvin Choy, and Ms. Karen Sunihara-Teruya from Hawaiian Telcom, Inc., are at the meeting and are available for any questions from the Board Members.

Chairman Sted asked the Board Members if they had any questions.

Director Thompson asked how was the new site for the telecommunications equipment selected, as it appears to abut another lot.

Mr. Fujimoto responded that the site selection was done in conjunction with possible future accessing and servicing of the Leiali'i project as well as the proximity to the existing lot that Hawaiian Telcom, Inc., had to move from.

Mr. Choy reiterated what Mr. Fujimoto explained to Director Thompson. In Lot 104, Hawaiian Telcom, Inc. has facilities that are currently constructed, and also currently have facilities along the Parkway that feeds into Lot 104. To minimize the relocation costs, Hawaiian Telcom, Inc. asked for a site that was reasonably adjacent to Village 1A. This would give them the opportunity to provide services along the Parkway and facilitate the facilities whenever the Leiali'i allotment continues.

Director Thompson asked who is in control of the property that Hawaiian Telcom, Inc. is moving to, and Mr. Fujimoto replied that the easement belongs to HCDCH.

Director Thompson then asked what plans does HCDCH have for the property, and Mr. Fujimoto said that the property is in a golf course area, and the master plan calls for a golf course.

Director Thompson noted that the site is adjacent to another house lot and asked whether or not the property would be screened so that it would not be obtrusive to the future homeowner of the house lot. Mr. Choy indicated that normally Hawaiian Telcom, Inc. would enclose the site with a fence for security purposes. As for the noise level, the only noise that would be heard would be ventilating fans to keep the unit cool.

Director Thompson agreed.

There were no further questions from the Board.

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III.E.

Approval of Easement at the Villages of Leiali'i, Lahaina, Maui, Hawaii, to Hawaiian TelCom, Inc., For Telecommunications Purposes

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Chairman Sted asked if all Members were in favor of the motion.

The motion was unanimously carried.

The Chair asked for a motion to approve.

Director King moved, seconded by Director Jung,

Executive Director Aveiro asked Mr. Chris Sadayasu, project coordinator, to present the For Action.

Mr. Sadayasu indicated that the For Action is a request by the Self-Help Housing Corporation of Hawaii (SHHCH) for a one-year extension of HCDCH's Dwelling Unit Revolving Fund (DURF) interim loan commitment.

On May 13, 2004, this Board initially approved a two-year loan for \$6,864,059 to finance the purchase of the Ewa Villages, Area A (Lokahi Greens) Subdivision lots from the City and County of Honolulu. On April 14, 2005, a one-year extension to the loan was also approved by this Board. Mr. Sadayasu said that it is his understanding that the City has not placed the parcel up for sale; therefore, the SHHCH is requesting another one-year extension. The HCDCH intends to execute a Loan Agreement with SHHCH and record a First Mortgage and Security Agreement on the Area A lots, once SHHCH meets all conditions precedent by this Board and the Office of the Executive Director. Therefore, staff is recommending that the Board of Directors approve the SHHCH's request for an extension of HCDCH's interim DURF loan commitment to May 13, 2007, subject to the following conditions as stated in the For Action.

Ms. Andrade Silva from SHHCH attended the meeting and was available for questions from the Board Members.

Chairman Sted asked the Board Members if they had any questions.

Director Smith asked if the delay of the City to sell the parcel is the only reason holding up SHHCH's proposal to the City, and Ms. Silva responded in the affirmative. Director Smith also asked if SHHCH would need to compete with other potential bidders for the Area A lots, and may not be the winning bidder. Ms. Silva responded in the affirmative to both questions. However, Ms. Silva did say that unless SHHCH has the funds, they will not be able to submit a bid to the City. SHHCH already has families on its waitlist.

Director Smith then asked Ms. Silva if she knew the reason for the City's delay in selling the parcel, and Ms. Silva indicated it was her understanding that the City's task force had not decided what would be the best use of the parcel. She added that Ms. Claudia Shay, the executive director of SHHCH, informed Ms. Silva that the City is preparing to set out a bid, and that all interested parties should submit their proposal. If this extension request is not approved by this Board, SHHCH will not be able to submit a proposal.

The Chair recognized Director Manayan who had a question for Mr. Sadayasu.

Director Manayan asked for a status on the balance in the DURF and would DURF be able to support the \$6.8 million commitment to SHHCH.

Mr. Sadayasu replied that in 2004, the Governor did release the funds for this purpose; the funds were encumbered and are available for this loan request.

Director Thompson had a comment. He is concerned that the \$6.8 million plus that was set aside, and encumbered, is reserved only for the SHHCH, and cannot be used for another affordable housing project. The HCDCH has to wait until the City makes a decision before it (HCDCH) can move forward. He pointed out that there is no assurance that the City and County of Honolulu will move out in one year. Meanwhile,

III.F.

Approval of the Self-Help Housing Corporation of Hawaii's Request for Extension of an Interim Loan Commitment for the Purchase of 57 Finished Lots in the Ewa Villages, Area A (Lokahi Greens) Subdivision

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the funds are kept in reserve for the SHHCH. Director Thompson wanted to know what options HCDCH has in this matter.

Executive Director Stephanie Aveiro indicated that at this point in time, the interim loan to SHHCH does not prevent the HCDCH from funding other projects.

Mr. Sadayasu added that although there are no applications for funding at this time, DURF has monies for other interim loan requests for additional affordable housing projects.

Director Thompson asked Mr. Sadayasu how much funds are available in DURF for additional projects, and Mr. Sadayasu replied that the DURF balance is [~~\$79,767.00,~~] \$79,767,000 which includes the \$6.8+ million for SHHCH. Director Thompson then indicated that the true DURF balance is \$80 million less the \$6.8 million. Mr. Sadayasu added that there are other commitments that are included in the \$80 million.

Executive Director Aveiro indicated that the Finance Branch has a report regarding their fund balances.

Mr. Darren Ueki, Finance Manager, gave a report on the DURF fund. He indicated that the DURF fund is managed on a cash basis, and staff should have provided a copy to the Board Members of the detailed cash flow. He reiterated Director Thompson's point that if staff knows that DURF has funds, why should the HCDCH wait too long to commit the funds for other opportunities?

Mr. Ueki explained that the Development Branch staff commits the funds and projects how long they will expend the funds, on a monthly basis. They basically cover a 10-year period, and keep a running balance because DURF is a revolving fund. The funds in DURF are not encumbered on a dollar-for-dollar basis. So, an \$80 million fund balance could have commitments totaling \$120 million because on a revolving fund basis, it's an in and out thing. The Development Branch staff keeps their deadlines as far as how long the commitments are. Should another project come along, and it may be farther along, the Executive Director would make the decision as to whether or not the HCDCH would continue with a commitment that may possibly drag on for two years. So, there is a mechanism in there to look hard at what the agency has commitments for. Should staff feel there are better uses for the funds, the commitment can be cancelled.

Based on what Mr. Ueki reported, Director Thompson indicated that it is Mr. Ueki's belief that since staff is recommending the one year extension to SHHCH's interim loan, that there are no other projects where the DURF funds could be put to faster use?

Mr. Ueki replied that he is not really involved with DURF anymore and assumes the fund is handled much in the same way, on a cash flow basis. "The development staff looks at the cash flow balances, where we are, what other commitments we have, or what other interests we may have waiting in the wings," said Mr. Ueki. "And putting all of these things together, that helps staff to make the determination to extend the SHHCH request that is before this Board."

Ms. Andrade Silva indicated that when Claudia Shay submitted the extension request now before the Board, she was under the assumption that her proposal to the Honolulu County would move forward. Unfortunately, there was a delay, but agencies are now being notified to submit their bids.

Director Thompson mentioned that the initial request from SHHCH was submitted in 2004, and since then, prices have truly escalated. He asked Ms. Silva whether or not SHHCH had assurances that the \$6.8 million would now be sufficient for SHHCH to succeed in their bid.

Ms. Silva indicated that Ms. Shay would be the one to answer that question.

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Mr. Sadayasu then indicated that in speaking to Claudia Shay, she mentioned that there would be affordable housing restrictions on the RFP itself; however, Ms. Shay believes the \$6.8 million would be adequate to meet the RFP request, and acceptable to the City and County of Honolulu.

There were no further questions from the Board.

Chairmen Sted asked if all Members were in favor of the motion.

The motion was unanimously carried.

The Chair asked for a motion to approve.

Director King moved, seconded by Director Manayan,

Executive Director Stephanie Aveiro asked Mr. Chris Sadayasu, project coordinator, to present the For Action.

In the interest of moving things along, Mr. Sadayasu stood on the facts and discussion stated in the For Action and indicated that staff was available for questions from the Board Members.

Mr. Sadayasu then introduced Mr. Charlie Reppun from Kalopa'a, Mr. David Chinen from the Waiahole-Waikane Community Association (WWCA), Mr. Emil Wolfgram of the Waiahole Landowners Association (WLA), and Mr. Roosevelt Freeman from Representative Colleen Meyer's office.

Mr. Sadayasu invited them to appear in the order he introduced them to present their positions, as follows:

- Mr. Charlie Reppun read the written testimony that he submitted which stated that Kalopa'a has been cultivating taro on the parcel for almost ten years and has been conducting educational and cultural tours on the parcel for the entire community. Mr. Reppun explained what took place in relation to HCDCH's cease and desist letters. Mr. Reppun stated that they have been working with the State for many years and have not been able to reach an agreement on the matter despite numerous meetings and several site visits. Mr. Reppun stated that Kalopa'a has taken steps toward meeting the HCDCH's conditions precedent to execute a stewardship agreement for a portion of Lot 79. Mr. Reppun stated, "Kalopa'a looks forward to working with the HCDCH, other agencies, and all members of the Waiahole Waikane communities to continue to maintain and enhance this special place for the use, education and enjoyment of everyone."
- Mr. David Chinen then spoke on behalf of the WWCA as its President. The WWCA is the original, loosely-formed organization that claims to represent 82 of the approximately 96 lessees in the Valley. Mr. Chinen stated he is glad this matter is before this Board because it has been festering for about a decade, and the WWCA wants this matter to come to a close. The WWCA would like the trespassers to comply with HCDCH's cease and desist letters and then request permission to use Lot 79 in full consultation with HCDCH and the community. Mr. Chinen then mentioned that HCDCH should be referring to the Declaration of Restrictive Covenants (DCC&Rs) recorded against the HCDCH's Waiahole Valley lands in 1995. The WWCA claims these open lots were designated open spaces for a reason, and to develop them or to allow agricultural uses on them may cause environmental damages to the Valley. He continued that the DCC&Rs do not allow for the leasing of open space lots, only agriculture and residential lots. Mr. Chinen stated the only way to move forward would be to amend the DCC&Rs which would require 75% of the Waiahole Valley lessees. He recommended that the Board table the action to give them the opportunity to confer with the Attorney General's Department and to review the DCC&Rs.

III.H.

Discussion and Possible Action On a Request by Kalopa'a to Enter into an Agreement with the HCDCH to Cultivate Taro on Lot 79 of the Waiahole Valley Agricultural Park and Residential Lots Subdivision, Identified as Tax Map Key No. (1) 4-8-12:01

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- Mr. Emil Wolfgram, President of the Waihole Landowners Association (WLA), expressed the WLA's position on this matter. The WLA is an association of Waiahole Valley fee simple owners who purchased their land directly from the McCandless-Marks Estate. Mr. Wolfgram stated that the landowners are not members of the WWCA. HCDCH is not a member of the WLA. Mr. Wolfgram then read the written testimony submitted by Mr. Robert Fernandez, a fee simple owner, in support of the loi's cultural and educational advantages, and stated that the WLA supports the loi and believes the WLA members would like to participate in the farm activities.
- Mr. Roosevelt Freeman of Representative Colleen Meyer's Office indicated to HCDCH staff that he would not testify but asked staff to inform the Board Members that Representative Meyer is interested in the outcome of the proceedings and would like a copy of the testimony and meeting minutes.
- Ms. Gwen Kim, a Social Worker at the Queen Liliuokalani Children's Center, submitted and read her written testimony to the Directors in support of the loi. She stated in part, "Over the years, youths, their families and community leaders have looked to what is referred to as the mauka loi as a model of cultural community building and positive intergenerational mentoring offered at no cost." But when the HCDCH posted the "NO TRESPASSING" signs, their entity stopped sending people to the lot. The Center would like to resume the tours.
- Mr. John Kilbey, a Waiahole fee simple owner, spoke in support of Kalopa'a's request for a stewardship agreement. John stated his deed as well as the State's deed contains a covenant providing for Native Hawaiian gathering and access rights. He said these people cannot be told they cannot enter onto the lands. John then submitted his written notes to be attached to the record as testimony.
- Mr. Terry George, Executive Director and V.P. of the Harold K.L. Castle Foundation, testified in support of Kalopa'a's request. He explained his foundation has agreed to provide Kalopa'a with funds for a toilet system for Lot 79 and supports the loi because it meets the Foundation's three goals of 1) redesigning the area's public education; 2) conserving near shore marine resources; and 3) strengthening vibrant communities in Windward Oahu. Mr. George strongly supports a stewardship agreement and no rent because he believes this public/private partnership is a terrific precedent.
- Mr. Eric Enos, Executive Director of the Learning Center at Kaala in the Waianae Valley, testified in support of Kalopa'a. In the 1970s, he and his students supported the Waiahole residents when they were being evicted. So, he has been familiar with the community for many years. Mr. Enos operates a taro loi in Waianae on DHHL lands and believes this agreement can let Kalopa'a create a similar educational and cultural learning area for the community.
- Ms. Lydia Garcia, HCDCH agriculture lot lessee, testified in opposition of Kalopa'a's request. She believes this issue has split the community unnecessarily because almost everyone believes the loi is a good thing. However, many lessees object to the way Kalopa'a went about gaining access to the land and defying the State's cease and desist letters. Ms. Garcia stated HCDCH has a responsibility to the tenants of the Waiahole Agricultural Park, and this Board needs to follow all rules and regulations regarding these matters.
- Mr. Richard Garcia, HCDCH agriculture lot lessee, testified in opposition of Kalopa'a's request. He was torn about the idea of testifying today, but felt he needed to speak on behalf of the lessees. He believes the farming concept is okay. However, Mr. Garcia stated the DCC&Rs prohibit a lease to Kalopa'a for this open space lot and that HCDCH would be setting a precedent that could lead to unintended ramifications. He continued that Lot 79 is a common area under the DCC&Rs and, therefore, should be open to all of the lessees. Mr. Garcia recommended deferral of the For Action to allow HCDCH staff to confer with the Attorney General Department on the DCC&Rs and the legal issues raised by this matter. He also lamented the fact that the WWCA was not included in the

meetings with Kalopa'a. Mr. Garcia said that if HCDCH does not follow the DCC&Rs, the lessees will not comply with HCDCH's letters requiring compliance with the lease terms.

- Mr. Robert Capella, HCDCH agriculture lot month-to-month tenant, testified in opposition of Kalopa'a's request. He stated this is a "land grab" and that Kalopa'a has different uses from what the Hawaiians did in the past. Mr. Capella stated he is the one that reported this trespass.
- Robert Nakata, a Reverend at a Windward Church, testified in opposition of Kalopa'a's request. He stated he was the original organizer of the WWCA and that he helped get the people leases in the Valley. The Reverend stated Kalopa'a's willful disregard of HCDCH's directive is a bad example, and he wants to see them comply with the cease and desist orders. He believes entities that send people to the loi are taking a very big risk as the use is an illegal one. He also advocates a moving-out period and then discussions with the community.
- Ms. Kapua Sproat, an attorney with EarthJustice, speaking on her own behalf, testified in support of Kalopa'a's request. She is familiar with the community through her work on the Waiahole Ditch case that went to the Hawaii Supreme Court. She stated a stewardship agreement does not have to be a lease and, therefore, is permissible under the DCC&Rs. Ms. Sproat stated the open area is for everyone's enjoyment. She reminded the Board that the request is to authorize the Executive Director to execute an agreement with Kalopa'a after it meets certain conditions precedent. She stated the area is not being used for personal gain or enjoyment as the entire community and the public is welcome to join the other volunteers. After responding to a question from Lydia Garcia, Ms. Sproat stated she is the daughter-in-law of one of the Kalopa'a members but reiterated that she is testifying in a personal capacity as an attorney familiar with Native Hawaiian gathering rights and water rights in the Waiahole Valley.
- Mr. Bernie Lam Ho, a HCDCH lessee and fee simple owner, testified in opposition of Kalopa'a's request. He stated taro was not farmed on that parcel in the past and he believes a deferral is in order for this action.
- Mr. Daniel Bishop, President of Kalopa'a, testified on behalf of Kalopa'a to clarify the record with regard to the matters relating to the cease and desist letters. He said that Kalopa'a received the letters and stopped all activity based on the belief that they will be discussing an agreement with HCDCH. But after nothing happened, they started the operations again. Mr. Bishop continued saying that Ron Hedani, former HCDCH Project Manager, visited the site and gave them oral permission to maintain the area (no further planting or tours) after HCDCH posted the leptospirosis warning signs and until they negotiated a written agreement. Again, after no work on a written agreement took place, Kalopa'a resumed its full operations.

Chairman Sted called the end to the public testimony and turned the floor over to the Directors for questions and comments.

After stating that the taro loi seemed to be a positive asset in the community, Director Jung asked why the WWCA was not consulted in this matter. Mr. Sadayasu replied that the WWCA was consulted, and that they have submitted their testimony on the loi and have written letters about the use several times in the past years. Staff has not met with the WWCA on this matter because this Board and this Administration has not taken a position on the loi. Mr. Sadayasu continued that in 2004, the DHHL took a position in favor of working with Kalopa'a. Since nothing happened after the initial meetings and site visit, DHHL abandoned their efforts, and HCDCH retained control of Lot 79. Staff is now presenting this matter to the Board for direction, and plans to work closely with the community on this matter based on the Board's vote.

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Director Jung then asked if the DCC&Rs names an association that represents the lessees, and Mr. Sadayasu replied that based on his limited knowledge of lessee issues, and with Marlene Lemke of the HCDCH Real Estate Services Section present to state otherwise, if he was incorrect, there is no legally created or organized entity under Hawaii Statutes named in the DCC&Rs to represent the Waiahole Valley lessees.

Director Jung then asked if the HCDCH knew the WWCA represented 82 of the 96 lessees as they claim. Mr. Sadayasu said that staff does not know if the WWCA's claim is true.

Director Oliva spoke about the Kalopa'a by-laws and asked Mr. Charlie Reppun if Kalopa'a meeting minutes are available for review. Director Oliva also asked Mr. Reppun if he has a roster of Kalopa'a members. Mr. Reppun said that Kalopa'a has limited meeting minutes, as the meetings they had related to the taro loi maintenance and upkeep matters. Kalopa'a has a roll they can provide to HCDCH.

Director Oliva then asked whether Kalopa'a has a volunteer or someone to take care of its finances as contemplated in its by-laws. Mr. Reppun introduced Ms. Amy Leursen, Treasurer of Hui Ulu Mea Ai, an IRS 501(c)(3) non-profit entity, and stated Hui Ulu handles Kalopa'a's financial matters. Hui Ulu accounts the income from the taro operations, tabulates the expenses and reimburses the individuals expending funds for the loi. Mr. Reppun stated their general policy is anyone who comes to work at the loi can take taro home for personal use. They also sell taro to individuals and puts the money back into the loi operations. Director Oliva explained his line of questioning is intended to determine if Kalopa'a has the wherewithal to come up with the funds to meet all of the conditions precedent to executing an agreement as laid out in this For Action. Mr. Reppun stated Kalopa'a will do its best to meet the conditions. The survey may be the most costly item, and they may have to get a grant or someone to donate their services.

Director Manayan asked Mr. Reppun if Kalopa'a is continuing its tours to date. Mr. Reppun answered that Kalopa'a stopped the tours at first but after not being able to enter into an agreement with the State, it resumed the tours. Mr. Reppun stated that if this For Action is approved, Kalopa'a will stop the tours as staff recommended.

Director Manayan then asked Mr. Reppun if Kalopa'a has liability insurance that names the State of Hawaii as an additionally-insured party. Mr. Reppun said it does not.

Director Thompson stated he appreciates the emotional testimony given today. He then expressed his concerns about the legal issues and was assured that the For Action has been reviewed for its legality. He also has heard today that everyone thinks the loi is a good thing and stopping the farming operation mid-stream does not make sense. Director Thompson stated he will support the For Action and he does not agree with all of the conditions stated in the write-up. He stated it is time for the community to come together and go forward together.

Director Smith asked Mr. Reppun if Kalopa'a ever requested a lease for Lot 79. Mr. Reppun stated they have not asked for a lease, but instead asked for a stewardship agreement. They consulted with attorneys and DLNR staff, including the head of the Forestry Division, and they concluded a stewardship agreement was Kalopa'a's best option. They believe the open space lot should remain in HCDCH's ownership and that being an open space the lot will remain open for everyone's enjoyment. Director Smith again asked Mr. Reppun to state whether they requested a lease in the past. Mr. Reppun said they did not request a lease.

Director Manayan then asked staff whether Lot 79 is an open space/common area or is it a residential/agricultural lot. Mr. Sadayasu stated that the lot is zoned AG and Preservation and the Agriculture Park designation is open space. However, it is staff's understanding that Lot 79 is not considered a common area under the DCC&R's definition.

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Director Manayan then asked if the WWCA's position was that Lot 79 is an open space/common area and therefore cannot be leased. Mr. Sadayasu said he believes that

is the WWCA's position. Mr. Reppun then stated Kalopa'a is not seeking a lease as they do not intend to exclude anyone. In general, a lease is exclusive.

Chairman Sted asked Mr. Reppun what activities would take place during the proposed six-month interim right-of-entry. Mr. Reppun said the core group would maintain the loi, weed the area and cultivate the existing taro plants. They have no plans to expand the area being farmed. Chairman Sted then asked if they would stop tours until an agreement is reached. Mr. Reppun said yes they would stop the tours.

Director Smith then asked Mr. Richard Garcia to respond to some questions. She asked if the DCC&Rs provide the only way to get access to a parcel is by either a residential or agricultural lease. Mr. Garcia stated there are provisions for an association of lessees and the AG and residential leases. He said there is no provision for open areas and what is happening today is a creation of a new precedent. Director Smith asked if Mr. Garcia believed Lot 79 is not leaseable under the DCC&Rs. He said it is not a leaseable lot based on his reading of the common area definition which he believes include open spaces. Chairman Sted asked Mr. Garcia to read the provision about common areas not being a leasable lot, and that HCDCH cannot lease a portion of a subdivided lot. He read such provision.

Director Smith then asked Mr. Garcia about the open space concept and Kalopa'a's intent to make the area open to everyone interested. He suggested the WWCA be included in the stewardship agreement between HCDCH and Kalopa'a to ensure that Lot 79 will be open to everyone.

Director Jung then asked Mr. Garcia and Mr. David Chinen if the WWCA's position would change if the For Action was amended to include the WWCA as a party to the agreement with HCDCH. Mr. Garcia answered "yes." He went on to reiterate that the 96 lessees may choose not to follow the lease terms and DCC&Rs if HCDCH proceeds with the agreement. Director Jung asked if they want to work together as a community to reach a resolution as the WWCA's end goal appears to be similar to Kalopa'a's. Mr. Garcia said they are 110% willing to cooperate.

In response to Director Jung's questions, Mr. Chinen stated he would want to take the Director's suggestion back to the general membership for discussion. He states he stands on position of HCDCH enforcing the cease and desist order. Director Jung stated the cease and desist order is not a court order and was an Executive Director's decision that was made several years ago and is not cast in stone. He believes the cease and desist letter was intended to make sure HCDCH gets its house in order, obtain the facts and see what would be best for the community. Director Jung then asked Mr. Chinen how long it would take for the WWCA members to meet and provide their input. He stated thirty days should suffice.

Mr. Chinen then addressed a statement made by staff regarding the WWCA's involvement in the Lot 79 meetings between HCDCH, DHHL and Kalopa'a. He said the WWCA had not been included in the initial meetings and felt left out. Mr. Chinen believes open discussions could have led to a resolution that would be acceptable to the community. He was surprised that the WWCA was not included. The WWCA has been in existence since the State purchased the land in 1977, they should have been consulted prior to this Board meeting.

Director Jung stated he is in support of the taro loi operations but would like to see the WWCA's participation moving forward. Based on this statement, he moved to defer the For Action for thirty days. Director Manayan seconded the motion.

Chairman Sted asked for discussion on the motion to defer. Director Thompson stated he will not support the motion as he believes the For Action only authorizes the Executive Director to execute an agreement and to reach that agreement, all of the parties will need to meet. Director Manayan stated he believes the intent of the

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For Action is great but with the WWCA's involvement being thrown into the mix, he believes the Board should defer action on this matter.

Director Manayan then asked staff if it received a legal opinion on the eligibility requirements of Kalopa'a and the use they are requesting on Lot 79. Mr. Sadayasu stated staff has requested a written opinion but has only received an oral opinion to date regarding the legal issues including possible agreements, conditions and uses. Director Manayan stressed the importance of receiving a written opinion from the Attorney General's Department on this matter.

In response to the Director's suggestion to include the WWCA as a party to the stewardship agreement, Mr. Sadayasu stated the WWCA is not a legally recognized entity and that staff understands it cannot enter into a legally binding contract on behalf of the lessees it claims to represent. This matter would be another legal issue the Attorney General's Department can provide their opinion.

Chairman Sted stated that in light of the specific DCC&Rs provisions that Mr. Garcia read to the Board regarding the limited uses of common area lots and the types of permitted agreements, the legal opinion may render the Board's vote at this meeting moot. Chairman Sted, as an individual Director and not as Chairman, stated he would vote for the Board to defer action in order to allow the Attorney General's Department to complete the written legal opinion on the legal issues raised at this meeting.

Director Smith asked if this Board could set a date to bring this matter back to the Board for decision making. After being told the May 18, 2006 Board meeting will be in Hilo, Director Smith suggested a sixty day deferral and to have the matter addressed at the June Board meeting in Honolulu. Director Jung moved to amend the motion to defer from thirty days to sixty-plus days in order for the For Action to appear on the agenda at the June Board meeting. Director Manayan seconded the motion. The Directors voted 6-1 to amend the motion to defer, with Director Smith being the sole "nay."

Chairman Sted then called for a vote on the motion to defer the For Action until the June Board meeting. The Board approved the motion 5-2, with Directors Smith and Thompson voting "nay."

Executive Director Aveiro asked the Board what is their position on the loi operation in the interim sixty-plus day period. She asked "Do we continue as is?" Chairman Sted stated by deferring this action, the Board has done nothing to alter the current state of affairs. He continued and stated it sounds to him that there is a willingness of all the parties to work in good faith together to move forward with this matter and it may be best to let the current state of affairs continue.

Mr. David Chinen offered his thanks to the Board and the Executive Director for listening to all of the testimony and community concerns. He would like to see continued communication and the spirit of cooperation moving forward.

Deputy Attorney General Sandra Ching stated that as the counselor to the Board, she will go back to her office and speak to her supervisor and make sure her office responds in writing to the legal issues raised at today's meeting. She asked HCDCH staff to compile a list of the issues and forward the list to the Attorney General's Department with a request for a written opinion.

Director Smith asked if the Directors could be provided a copy of the DCC&Rs.
Note: Mr. Sadayasu handed each Director a copy of the DCC&Rs during the Development Section Monthly Status Report.

The Chair called for a lunch recess at 11:40 a.m. before going into Executive Session.

RECESS

The Chair reconvened the Regular meeting at 11:50 a.m.

RECONVENED

Director King moved, seconded by Director Oliva,

**EXECUTIVE
SESSION**

That the Board meet in Executive Session at 12:30 p.m.

The Executive Session ended at 12:52 p.m.

Director Thompson moved, seconded by Director Oliva,

That the meeting reconvene in Regular Session at 12:52 p.m.

RECONVENED

The motion was unanimously carried.

The Chair asked for a motion to approve.

III.C.
Approval of the
Public Housing
Agency FY 2006
Five-Year and
Annual Plans for
Submission to
the U.S. Depart-
ment of HUD

Director Thompson moved, seconded by Director King,

Executive Director Stephanie Aveiro reported that the PHA Plan has been reviewed and analyzed, and comments to the Plan have been addressed. Staff is, therefore, recommending that the Board approve the PHA FY 2006, 5-Year and Annual Plans for submission to the U.S. Department of Housing and Urban Development (HUD).

The Chair asked the Board Members if there was any discussion on the motion.

Director Thompson asked if the “agency split” should have been mentioned in the PHA Plan. It currently is not referenced in the Plan.

Ms. Aveiro replied that she did not know at what point in the PHA Plan that the “agency split” should or would have been discussed. Also, the separation of the housing agencies is no longer referred to as the “agency split” but as the “agency spin-off” of the financial and development piece from the DHS so that the public housing side remains intact.

Ms. Aveiro indicated that there is a difference in how the HCDCH handles the legal ramifications of a separation verses a split. The reasoning to this is that the PHA Plan is the public housing side and remains as such with the DHS. She indicated that the new name of the public housing agency should be included in the PHA Plan.

Director Thompson said that it would be helpful to the Board if someone from staff would explain the Executive Summary of the Annual PHA Plan, beginning with Page 5. For example, Director Thompson pointed out the 21,000 families on the waitlist. Or, point out any item that should be brought to the Board’s attention.

Director Smith asked if the PHA Plan is submitted to the HUD Honolulu Office, the HUD Regional Office in S.F., and the HUD Headquarters in Washington, D.C.

Mr. Aveiro replied that the PHA Plan is submitted to the Hawaii State Office (or Honolulu Field Office), but the approval would be done at the national level by HUD in Washington, D.C.

Director Smith then inquired whether the HUD Hawaii State Office would provide feedback to the Board if their review would result in any deficiencies or shortcomings.

Mr. Ed Morimoto, construction management section chief, indicated that the PHA Plan is submitted to the Honolulu Field Office for review, and they would send their recommendations on to HUD headquarters. There are various headquarters for different segments of HUD, and the PHA Plan is sent to one of the hubs. After the reviews are completed, the HCDCH would receive a letter back, via the local HUD office, saying that the Plan has been reviewed and approved, and/or HUD has

comments. HCDCH needs the approval from HUD by July 1; however, staff could not recall if the approval letter came from either Denver or Dallas. Ms. Aveiro said that the agency's next round of funding is predicated on HUD's approval of this document.

Director Smith noted that the PHA Plan categorizes the Asian and Pacific Islanders together in the same ethnic group, although current demographics show that these two ethnic populations are different population groups. She suggested that, for reporting purposes, staff talk to HUD about separating these two categories in the future. In particular, there have been demographic changes with the Micronesian, Samoan and Marshallese populations who are distinct from Southeast Asia or Asian ancestry populations.

The Chair asked Ms. Aveiro to prepare a letter to HUD's Hawaii State Office on Director Smith's suggestion.

Ms. Aveiro referred to Page 14 of the PHA Plan, under (3) Assignment. In the past, many delays were caused because applicants had multiple choices regarding vacant units. After the interviewing and screening of applicants were done, applicants would change their minds if they did not like the units. This would place the applicant back as number one on another waitlist. To alleviate this problem, it was decided to offer only one choice to applicants on the location area that they want, by geographic area, not site-based area.

Director King asked if there was any follow up by staff of the many good suggestions that RAB had to the PHA Plan

Director Thompson commented that the suggestions were "shined off," and Ms. Aveiro indicated not every suggestion. If staff feels that they cannot make a commitment, even if staff might agree, the RAB is told "no, it cannot be done at this time." For example, the RAB wants to separate their charges from their rent collections although HCDCH's system cannot accommodate this at this time. But it is a good idea.

The PHA Plan concentrates on the basics – work orders, vacant units, health and safety within 24 hours. Next year, HUD wants HCDCH to focus on contract monitoring. They will not be invoices that cannot be verified.

Chairman Sted asked the members if they were in favor of the motion.

The motion was unanimously carried.

The Chair asked for a motion to approve.

Director Thompson moved, seconded by Director King,

Executive Director Aveiro asked Mr. Rick Sogawa, Acting Resident Services Section Administrator, to present the For Action.

Mr. Sogawa indicated that the For Action is pursuant to the new procedures that became effective on August 5, 2005, which established a panel of Grievance Hearings Officers, which may include:

- HCDCH Board Members;
- HCDCH staff;
- Tenants in compliance with their lease agreements;
- Professional arbitrators or mediators; and
- Other individuals from the public.

Staff sent out letters of interest with applications forms to resident associations, housing managers and service providers. From the returned application forms, a list of interested applicants was prepared, screened and submitted to the resident associations for comments. The individuals listed in the For Action are interested in serving on the panel, and staff recommends the Board's approval of the appointments of the following individuals as Grievance Hearings Officers:

III.D.

Appointment of Wanda Camara, Earl Nakaya, Loren Okamura, Margaret Sneed, Jenna Wells, Arde Long-Yamashita, Shirlynn (Lani) Harthcock, Eleanor Garcia, and Ira Glasser to be Grievance Hearings Officers for One-Year Term, Expiring on April 15, 2007.

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- Oahu – Wanda Camara, Earl Nakaya, Loren Okamura
- Maui – Margaret Sneed and Jenna Wells
- Kauai – Arde Long-Yamashita, Shirlynn (Lani) Harthcock
- Big Island of Hawaii – Eleanor Garcia, Ira Glasser

The Chair asked if there was any discussion on the above individuals.

Director Thompson asked if there are any alternate officers for the above, and Mr. Sogawa replied that the Resident Services Section is continuing to recruit interested individuals to add to the list.

Director Thompson also asked if there would be a conflict of interest for the Oahu individuals since they are staff from the Resident Services Section. Executive Director Aveiro replied that the 8/5/05 procedures allow for staff to serve on the panel. Mr. Sogawa added that staff would probably not be considered if there was a conflict of interest.

The Chair asked for a vote on the motion.

The motion was unanimously carried.

The Chair asked for a motion to approve.

Director Thompson moved, seconded by Director King,

Executive Director Stephanie Aveiro asked Mr. Darren Ueki, Finance Manager, to present the For Action.

Mr. Ueki indicated that staff is requesting the Board's approval to establish the FY 2006-2 Application Cycle for the RHTF Project Award Program, and authorize staff to begin marketing of the FY 2006-2 RHTF Project Award application cycle.

Mr. Ueki reported that staff conducted one application cycle of the RHTF Project Award Program for FY 2006. The application deadline was January 20, 2006. Three applications were received and are currently under review.

The RHTF balance as of December 2005 is approximately \$32.85 million based on the HCDCH's unaudited financials. Approximately \$2.4 million is committed to one project, and approximately \$10 million is the amount requested by the three projects that are currently under review.

Mr. Ueki noted that with the large infusion of funds anticipated into the RHTF due to the increase in the conveyance tax, as well as the current activity in the real estate market, staff would like to open up these funds for affordable housing opportunities via the establishment of a second funding cycle for FY 2006. The application deadline for Round 2 funding would be June 30, 2006.

Staff anticipates making recommendations on the Round 2 applications around October or November 2006 depending on the number of applications that are received. Requests for the RHTF are submitted through the Consolidated Application which combines all of the funding requests of HCDCH's various programs. The Fiscal Year 2006/2007 consolidated application is currently available for the proposed 2006 Round 2 application cycle.

Under administrative rules of the RHTF, staff is required to do an outreach marketing program on the availability of monies from the RHTF. In connection with this, staff is preparing a press release announcing the new application cycle Round 2.

Mr. Ueki indicated that he was available for questions from the Board.

III.G.
Request
Establishment
and Approval of
a Second
Application
Cycle for the
Rental Housing
Trust Fund
Project Award
Program for
FY 2006

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Director Thompson asked Mr. Ueki to elaborate further on staff's plan to market these anticipated funds, especially staff's plan to reach the people who could potentially use these RHTF monies.

Mr. Ueki indicated that staff is preparing to do the following:

1. issue a press release to the general public;
2. mail announcements to the list of people who call and inquire about the RHTF; and
3. continue staff's constant contact with developers with potential projects.

Mr. Ueki further indicated that there are two or three projects which staff is currently aware of that will, in all likelihood, come in for RHTF monies.

Director Thompson asked if staff knows of any developers who are focused on affordable housing who could be included in the marketing effort, and would staff be able to approach and verbally inform them of these anticipated funds. Mr. Ueki replied that staff sends letters to people who have used the program or who have shown interest in the RHTF. He also stated that he talked to the Building Industry Association (BIA); however, they were uncertain about whether or not the BIA was the appropriate vehicle to promote HCDCH's programs. Also, Mr. Ueki said that he spoke to television reporters and print media reporters who have done stories or articles on the HCDCH to determine whether they would be interested in meeting with him or Stephanie Aveiro to promote this marketing effort.

Director Thompson asked Mr. Ueki, "Can a project already in progress obtain RHTF financing?" Mr. Ueki replied that the project developer would need to submit an application; however, projects under construction typically have all their financing in place. He indicated that some of the applications currently under review may not be awarded low income housing tax credits. This gives the developers an interim point where they can rethink their project, as they have probably made some progress between the time they submitted their application with the tax credits in January 2006, and by the 6/30/06 deadline for the Round 2 application, the developers may retool their applications to be an "all Trust Fund project."

Mr. Ueki indicated that from a staff standpoint, this marketing effort is considered an outreach; there is a demand out there although staff does not know exactly what the demand is.

Director Thompson commended Mr. Ueki on a job well done on this For Action.

Executive Director Aveiro added that she spoke to Mayor Baptiste of Kauai on April 12, 2006, and Kauai County is interested in the RHTF, and has projects lined up. So, HCDCH is trying to spread the word in whatever way that it can.

Ms. Aveiro also mentioned that at the Governor's Homelessness Summit Meeting, a suggestion was made that HCDCH consider funding the counties from the RHTF. However, staff has not yet considered or discussed this option. If HCDCH is unable to fund projects soon enough, then HCDCH will be open to all suggestions.

Director Smith asked whether a project has to be a Hawaii corporation in order to qualify for RHTF monies, and Mr. Ueki replied in the negative.

Director Smith then asked if a nationwide media blitz could be undertaken, and Mr. Ueki replied in the affirmative. Director Smith suggested that staff get the word out via this avenue. Mr. Ueki will inform HCDCH's new Housing Information Specialist about Director Smith's suggestion.

Ms. Aveiro then introduced Ms. Adrienne Gardner, who recently joined the HCDCH as its Housing Information Specialist. Prior to joining the HCDCH, Ms. Gardner was employed with the Washington State Office of the Superintendent of Public Instruction as the Publications and Special Projects Coordinator, as well as the Information Specialist for the Washington State Higher Education Coordinating Board Gear-Up

Program. Ms. Gardner has a Bachelor of Science in Public Policy and Management from the University of Southern California and a Master’s Degree in Organizational Leadership from Chapman University. She is also an aspiring attorney and has one more year of law school to complete.

The Chair welcomed Ms. Gardner.

Ms. Gardner indicated that she is excited to be with the HCDCH. Although she has not worked in the housing area, it is definitely intriguing to her and has ideas that she can offer to the organization.

There were no further comments from the Board Members.

The Chair asked for a vote on the motion.

The motion was unanimously carried.

Chairman Sted explained the new format of the Executive Director’s Report. Previously, the Chairman would ask the Executive Director if there were any items in her report that she wished to discuss and/or bring to the attention of the Board Members.

**IV.
REPORT
OF THE
EXECUTIVE
DIRECTOR**

The format now must list all the items that will be commented upon or discussed in order that the public is aware of the subjects and can attend the meetings and participate in any of the discussions.

**IV.A.
Activities of
the Executive
Director**

Chairman Sted added that he will ask the Executive Director for comments on each line item.

Executive Director Aveiro indicated that the specific items to be discussed are listed under IV.B., Reports on Agency Sections.

Item IV.A., Activities of the Executive Director, Nos. 1-6, are only reports of the activities for the month for the Executive Director.

The Chair indicated that the Executive Director had no comments on Item IV.A.1.

**IV.A.1.
Update on
Activities
Related to
Housing
Development**

The Chair asked if the Board Members had any comments on this item.

Director Smith asked for the outcome on the conversations that Executive Director Aveiro had with Armstrong Building Maintenance as well as Mr. Eric Beaver of Hawaii Reserves, Inc.

Ms. Aveiro reported that HCDCH secured the services of Armstrong Building Maintenance to assist HCDCH with the unit turnarounds of certain vacant units. The HCDCH has also utilized their services for the Noelani School project in Waimea, on the Big Island, and the David Malo Project in Lahaina, Maui. Their services are not an ongoing agreement.

With respect to Mr. Beaver, representatives met with Ms. Aveiro and staff because they are interested in the 201G application process to move their affordable housing project forward in Laie, Oahu. The HCDCH supports their project.

Director Thompson noted the many legislative activities that the Executive Director was involved with during the month. He asked Ms. Aveiro approximately how much of her time was spent at the Legislature, and Ms. Aveiro replied approximately 20 hours/week was spent at Legislative hearings.

There were no further questions from the Board Members.

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Chairman Sted indicated that the Executive Director had no comments on Item IV.A.2.

The Chair asked the Board Members if they had any comments on this item.

There were no questions by the Board Members.

IV.A.2.
Update on
Activities
Related to
the U.S. Dept.
of Housing
and Urban
Development
(HUD)

Chairman Sted indicated that the Executive Director had no comments on Item IV.A.3.

The Chair asked the Board Members if they had any comments.

There were no questions by the Board Members.

IV.A.3.
Update on
Activities
Related to
Community
Relations

Chairman Sted indicated that the Executive Director had no comments on Item IV.A.4.

There were also no questions by the Board Members.

IV.A.4.
Update on
Activities
Related to
Tenant Relations

Chairman Sted indicated that the Executive Director had no comments on Item IV.A.5.

The Chair asked the Board Members if they had any questions.

IV.A.5.
Update on
Activities
Related to
Staff Relations
and/or
Personnel
Matters

Director Smith referred to the Executive Director's activity on April 4, 2006, under Item IV.A.5., Met with the Uluwehi RFP Evaluation Committee, and HCDCH staff, to discuss whether or not the HCCC has satisfied their conditions, and asked if staff would be reporting on whether or not the conditions of the agreement with HCCC were satisfied.

Executive Director Stephanie Aveiro reported that this item is part of the Development Section's Monthly Status Report under IV.B.4.; however, commented that staff is recommending that HCCC's conditions be removed. This item will be an agenda item at the May 18, 2006 Regular Board of Directors Meeting.

Director Thompson noted on April 7, 2006, staff met regarding the sale of the Wilikina Apartments and asked whether it would be appropriate to have a separate meeting in May or June to discuss Wilikina. Ms. Aveiro replied that there will be an annual meeting of the Wilikina Apartments in July 2006. Because of the forthcoming HCDCH agency split, a meeting before July 2006 would be difficult. However, staff would comply if the Board has strong feelings about having a meeting before July 2006.

Director Thompson indicated that it is part of the asset management concept that has to keep moving. The Board will live with it assuming that things are moving.

Chairman Sted indicated that the Executive Director had no comments on Item IV.A.6.

The Chair asked if the Board Members had any questions.

IV.A.6.
Update on
Activities
on Proposed
Legislation

Director Jung asked for an update on the funds that were taken out of the House Finance Committee for the Kona Water Source Development System infrastructure.

Ms. Aveiro replied that she did not know the result of the Hawaii Island Caucus meeting held with the House Finance Committee Chairman, Rep. Dwight Takamine,

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Senator Kokubun, the Hawaii County Water Department, DHHL, DLNR and Ms. Aveiro, who solicited the support of the House Finance Committee to reinstate the funds.

Director Jung indicated that Director Smith advised him that \$6 million had been included in the House Finance Committee. However, Ms. Aveiro advised Director Jung that the \$6 million was included for roads, not for water source development.

Director Smith apologized and indicated that the Board consider sending letters to the editor, viewpoints, etc., on this important element for developing of approximately 1,000 affordable homes on the Big Island, and indicated that she is willing to help.

Director Thompson indicated that Director Jung would be the best person to undertake this task as he is the Director from the Big Island. Director Jung indicated that he would be happy to do so.

There were no further questions by the Board Members.

Executive Director Aveiro asked the Chair to discuss Item IV.B.3., Finance Branch Monthly Status, as Mr. Darren Ueki had to leave the meeting.

The Chair replied in the affirmative and indicated that there are three subheadings under Item IV.B.3.

Mr. Darren Ueki, Finance Manager, indicated that Director Thompson requested from the Executive Director a financial status of all programs under the Finance Branch. The Monthly Status Report for April 2006 highlights the major Finance Branch programs.

Mr. Ueki indicated that he was available for questions from the Board Members.

In response to Director Smith, Mr. Ueki clarified that the 691 total MCCs issued to date was from the onset of the program, not by fiscal year.

Director King asked Mr. Ueki to update the Board on his meetings with the Neighbor Islands Counties regarding the HOME funds.

Mr. Ueki held a follow up meeting with all Counties, their HOME coordinators, as well as their housing directors, and Messrs. Richard Knight and Mark Chandler, of the Honolulu Field Office, of the U.S. Dept. of HUD. The meeting was an open discussion, and the result was a compromise which staff believes meets the needs of the concerns of HUD that HCDCH is the ultimate agency that is held accountable for the HOME funds.

HCDCH staff was also able to address the Counties' fear of the neighbor islands losing control of the HOME funds, and the Counties wanted to discuss the compromise with their respective Mayors.

Mr. Ueki indicated that there is a plan to respond to the Counties, and this will probably be done via email, followed by a decision. If there are other major concerns, everyone will return to the table with HCDCH staff. If there are no concerns, staff will present the agreed-upon change to the HOME Program to this Board. Mr. Ueki added that HCDCH is willing to take the middle ground at this time; however, staff will continue to look at the efficiency of the program. Additional changes will be made in the future as long as HUD continues to have concerns about the administration of the program and spending of the HOME funds in a timely fashion.

**IV.B.
Reports on
Agency
Sections**

**IV.B.3.
Finance Branch
Monthly Status**

**IV.B.3.a)
Financial
Status of Major
Finance Branch
Programs (a/o
1/31/06)**

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Director Thompson indicated that it was his understanding that Maui County had appropriated \$.5 million for their first-time homebuyers program and asked whether this \$.5 million was the HOME funds.

Mr. Ueki replied that Maui County did have a first-time homebuyers program utilizing HOME funds; however, because of some accounting issues, the program was terminated. Mr. Ueki was unsure whether or not Maui County was able to come up with additional funds to continue the program.

Mr. Ueki explained the uses of the various Finance Branch program funds, as follows:

- Hula Mae Single Family, \$22.8 million, used for the First-time Homebuyers Mortgage Program, for 30-year mortgages. This program was initially started with \$46 million. There are commitments for approximately 50% of the funds, with an interest rate of 4.46%. The banks did not loan out all of the monies because it came down to availability of inventory. Under the program, a family of four (4) with an annual income of approximately \$94,000 can still qualify under this program. The maximum purchase price on a unit is approximately \$550,000.

The Hula Mae funds at 4.46% was advertised via the banks who promote the program for HCDCH.

- Mortgage Credit Certificate Program. This program is lesser known but is as good as the Hula Mae Single Family Program. It is a direct dollar for dollar tax credit. Staff is considering how to promote the MCC Program from a public relations standpoint and will ask HCDCH's housing information specialist Adrienne Gardner for her input.
- Low Income Housing Tax Credits (LIHTC). Staff will be making recommendations to the Board probably in May 2006. All resources will be allocated out, as HCDCH is oversubscribed. The HCDCH received \$5.9 million in requests, with \$3.2 million to allocate out.
- Rental Assistance Revolving Fund (RARF) has a \$11.5 million revolving fund for interim construction financing. At any given point in time, HCDCH has commitments for these funds that may not have been loaned out. Approximately \$5.25 million is available, and staff is currently reviewing an application for this amount.
- Rental Assistance Program (RAP). Approximately \$15.5 million is available. HCDCH has a project-based subsidy commitment to 17 projects. The \$15 million does not cover outstanding commitments which amount to approximately \$45 million. HCDCH's annual maximum payout under the RAP is approximately \$3.3 million; actual payout is closer to \$2.3 million. The \$15 million should carry HCDCH for perhaps another three bienniums, assuming no further commitments are made.
- Rental Housing Trust Fund (RHTF) has a healthy balance for the first time, around \$33 million. So, there will be a second Round 2 application cycle for RHTF monies.
- Predevelopment Loan Program and Capacity Building Grant Program. These programs were suspended by the previous RHTF Advisory Commission due to lack of funding.

Mr. Ueki continued that with the anticipated infusion of monies into the RHTF, staff is anticipating creating two rounds of project awards for FY 2007, as well as reopening the predevelopment loan program and the capacity building grant program.

In response to Director Thompson's question whether DURF was included in the Finance Branch Status Report, Mr. Ueki replied that DURF is not under his direct purview; it is managed on a cash basis, but a similar report could be prepared for DURF.

Director Smith commented that while she appreciates the interest in capacity building and providing some predevelopment funding, she suggested staff hold these ideas in abeyance to see what happens with the next funding round for the RHTF monies.

As part of the national marketing effort for the additional RHTF monies,, there is a lot of capacity out there to tap into, and staff should get capable, well-financed, capitalized companies to do the programs, not the start-up types, since there is no time to use start-ups at this point in time.

Chairman Sted thanked Mr. Ueki for his report.

Chairman Sted also indicated there should be a DURF report for the next Board meeting on May 18, 2006.

Chairman Sted indicated the Board will now discuss Item IV.B.3.b).

IV.B.3.b)

Use of
Weliweli
Teacher’s
Cottage on
Kauai for a
Child Care
Facility by
DHS

Mr. Darren Ueki reported that the unit was repurchased by DURF many years ago, and since then has been rented out. Staff indicated to the Board earlier of its intent to sell the unit on the open market. The HCDCH has 20 plus units that were repurchased, and felt that now would be a good time to sell them as affordable housing units. There was interest shown in this home, and HCDCH staff is currently in discussions with the DHS who is now the lead on this program.

Ms. Aveiro indicated that the facility will be used as a child caring facility for three years; the DHS is in need of these kinds of homes, and the HCDCH would like to support this effort and ask the Board to allow this unit to be used for this purpose. Director Oliva said that the discussions with HCDCH staff are preliminary at this time, and the DHS needs to go to the community to inform the community of DHS’ intent.

Director Oliva further added that the DHS opened a safe house in Honokaa which has been very successful. There are ~~eight (8)~~ six (6) ~~female~~ women residing there who are youthful status type offenders, and it provides an alternative to housing these women in the safe house vs. sending them to the youth correctional facilities on Oahu.

Director Smith wanted to clarify the “child caring” facility as more of a “safe house.” This unit will be used to house these female youths as an alternative to incarcerating them in the Hawaii Correctional Facility. It is not a preschool, early childhood education facility.

There were no further questions from the Board.

Chairman Sted indicated the next agenda item for discussion is Item IV.B.3.c).

IV.B.3.c)

Partnering with
Habitat for
Humanity,
Maui

Mr. Ueki reported that Sherrie Dodson, the Executive Director of Habitat for Humanity, Maui, previously wrote to Chairman Sted and Executive Director Aveiro to share their ideas on partnering with the HCDCH relating to the HOME Program, as well as looking at some guaranteeing of loans and land purchases.

Staff conducted a conference call with Ms. Sherrie Dodson to discuss their ideas and what possibilities there could be under the Finance Branch programs, and what some of the limitations would be. Mr. Ueki indicated the result of their discussion was that a consolidated application package was sent to Ms. Dodson for her information and

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review. Ms. Dodson will also meet with her superiors on the details that Mr. Ueki provided. Mr. Ueki expects to have another follow up conference call with Ms. Dodson at the end of May 2006.

There were no questions by the Board Members.

The Chair thanked Mr. Ueki for his Finance Branch Monthly Status Report.

Chairmen Sted referred back to Item IV.B.1.a), PMMB Branch Monthly Status, as the next agenda item for discussion.

IV.B.1.
PMMB
Monthly
Status

Mr. Derek Fujikami, engineer with the Construction Management Unit II, reported that the construction management section has been visiting all of the federal projects sites to assess the vacant units. Staff is classifying them as Units A, B, or C. The managers are responsible for A and B units, while CMS will be responsible for the C units. Per Mr. Fujikami, HUD has given the HCDCH approval to exempt the C units from the “vacancy” status. These C units will be funded through the Capital Fund Program.

IV.B.1.a)
Occupancy
Report
(Vacancies)

As of 4/13/06, approximately 40% of the units have been assessed, and staff expects to complete the assessment 100% by May 15, 2006. When the assessment is completed, HCDCH staff will begin submitting a monthly report to HUD effective June 2006.

Mr. Fujikami referred to the spreadsheet that was distributed at the meeting entitled, Summary of Occupied, Vacant, Sales, and Demolition, HCDCH Federally-Assisted Low Income Public Housing, dated 4/1/2006, which gives a brief description of the types of A, B, and C units.

Director Thompson referred to a report that stated 760 units were vacant. The vacancy report showed 423 vacant units, with the remaining units exempted, demolished, sold, or approved for demolition, and other units being modernized.

Director Thompson expressed appreciation that the vacancies are being reported more accurately.

Chairman Sted indicated that he had to return to his office and asked Vice Chairman Charles King to chair the meeting. Chairman Sted left the Board meeting at 2:15 p.m.

Executive Director Aveiro introduced Mr. Joel Leong, Special Assistant, to explain the collection trends data over the last 27 months, from January 2004 through March 2006. Page 1 is for the State-managed MUs, and page 2 is for the privately-managed MUs. The data also shows the collections by each management unit.

Director Thompson noted that Management Unit 2 and Management Unit 9 are significantly below the vast majority.

Mr. Leong concluded with page 4, comparative data of collection, year-to-year at individual sites. Mr. Leong asked if this is the kind of data and format that Director Thompson was looking for, and Director Thompson replied in the affirmative. So, you could potentially pick out the ones that are performing poorly and take remedial action.

Director Thompson requested an explanation of the Vacancy Summary Sheet. An explanation was given by Mr. Ed Morimoto. A request was made to have a definition sheet attached to the Summary.

There were no further questions by the Board Members.

Vice Chairman King indicated the next agenda item for discussion will be Item IV.B.2.,

IV.B.2
Planning and
Evaluation
Office
Monthly
Status

Ms. Janice Takahashi, HCDCH chief planner, presented a report on the status of organizational change, noting that the categories in the report are pursuant to Director Thompson’s request.

IV.B.2.a)
Status of
Organizational
Change

Ms. Takahashi reported that the core group meets weekly. She highlighted some of the major milestones including setting up the two Boards of Directors, establishing administrative procedures for the Finance and Development Agency (FD), and HUD certification of the Public Housing Agency (PHA). Ms. Takahashi mentioned that staff met with HUD and that HUD is requesting for an Attorney General’s opinion that the PHA remains intact as the public housing authority. If the AG’s opinion can support that we are spinning off the finance and development functions from HCDCH, and that the PHA is intact with a name change and new Board members, there are fewer things that will be required by HUD.

Director Jung asked if the agency is filing two separate Articles of Incorporation, two sets of by-laws, or just one additional and keep one. Ms. Takahashi stated that just the FD needs to adopt by-laws and other new documents to set up. Director Jung indicated that would a spin-off. Director Thompson added that there was no need for him to be reconfirmed because he is continuing his term on the PHA Board.

Ms. Takahashi referenced the milestones for the facilities plan, the organization charts for the agencies, and noted the top areas of concern. She noted the ability to set up separate accounting systems without key fiscal staff, such as the Chief Financial Officer or Chief Accountant. She noted, however, that because we are now simply pulling the finance and development accounting systems from the existing HCDCH system, it will be simpler than originally thought.

The second concern is the ability to fill key critical positions such as the Property Management Branch Chief, the Development Branch Chief, vacant positions in the Fiscal Management Office, and positions in the Office of the Executive Director.

The third concern is the amount of resources that the Legislature will fund to implement the reorganization. HCDCH requested funds for renovation work at School Street and a new computer network at Queen Street. The authorization and establishment of six (6) full-time equivalent positions for the FD and three (3) full-time equivalent positions for the PHA were also requested. While the House version of HB 2966 kept all the money and positions in, the Senate draft changed them to a dollar. Staff will work to inform the conference committees of the need for these resources.

The fourth concern is the HUD certification of the PHA, noting that the report was prepared prior to meeting with HUD and the AG. With the legal opinion, there will be fewer requirements for recertification of the PHA.

The final area of concern is employee morale, in particular the employees of the PHA, due to the additional work to implement the reorganization.

Director Thompson asked about the number of authorized positions and the number of actual employees to ascertain the shortfalls. Executive Director Aveiro responded that there were approximately 94 positions on the FD side and 320 positions on the PHA side. She referred to a draft vacancy report as of March 2006 and indicated that the report was not ready for submittal because she did not agree with the comments in the report. However, there were 26 vacancies on the FD side and 86 on the PHA side.

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Director Thompson commented that with the vacancies the reorganization can be a challenge.

Referring to the organizational change status report, Ms. Takahashi mentioned that on July 1, 2006 (which is a Saturday), or possible July 3, 2006 (which is Monday), the Boards of the respective agencies must hold their first meeting. The Board of the FD will adopt by-laws and resolutions, elect officers, and appoint an Executive Director and Executive Assistant. On the PHA side, the Board will elect officers for the Board and for Wilikina Apartments. The plan is for existing staff that support the PHA or FD activities to continue to do that until positions are filled.

Going back to the facilities plan, Ms. Takahashi indicated that the PHA will be located at School Street. Currently, Building E, the administration building, is vacant due to problems with the building. Executive Director Aveiro added that the engineer said that while the building is still settling, with the water diversion techniques, Building E is safe and usable for another five to ten years. Director Smith asked for the address – 1002 North School Street. Ms. Takahashi continued that the facilities plan calls for the construction of a modular unit(s) to accommodate all of the employees. An RFP for a modular design/build type of contract would be issued so that office space could be ready in December 2006.

In regards to Director Thompson's question regarding pulling PHA employees together at Queen Street, Executive Aveiro answered that the objective is to move only once and as soon as possible. Until employees actually move, it will be very difficult to actually start proceeding with the division. With respect to the Queen Street office, Ms. Takahashi said staff is looking at leasing space, possibly to the Hawaii Community Development Authority. Director Manayan added that the High Technology Development Corporation is also looking for office space. Director Smith expressed a concern with spending a tremendous amount of money and time just on the physical facilities which are less than probably optimal. Executive Director Aveiro responded that in the interim, employees will stay where they are. It is a very important management issue. To manage and have people at Queen Street and School Street is very difficult. There is not enough of a presence of the Executive Director, and employees feel neglected. Director Thompson encouraged Executive Director Aveiro that to the extent internally possible, to group the PHA employees together and the FD employees together to build teams. Ms. Aveiro agreed and acknowledged that, ideally, an office building with residential upstairs should be built.

Ms. Janice Takahashi then provided a legislative update, commenting that this has been a good year for housing. There are bills that provide resources to repair homeless facilities, for fixing up vacant public housing units, and for support services for the homeless. Ms. Takahashi pointed out the differences between the House and Senate versions of the Budget Bill. She noted the House version fully funds our request for \$10 million to repair homeless facilities and \$10 million to provide support services for the homeless and fully funds our \$6.45 million CIP request to renovate Lanakila Homes, Ka Hale Kahaluu and Kalihi Valley Homes, as well as appropriates \$500,000 for rock fall mitigation/fending at Palolo Valley Homes. The Senate version provides \$10.3 million to repair homeless facilities but deleted funding to renovate Ka Hale Kahaluu. Director Jung asked why that was done. Mr. Takahashi did not know. She continued that HB 2966, the bill that implements the reorganization, is moving along and that one of our administration bills which limits the federal eviction process to federal public housing projects and conforms the timeframe for requesting grievance hearings to the administrative rules has been enrolled to the Governor.

IV.B.2.b)
Legislative
Update

With respect to the three audits of the HCDCH, Ms. Takahashi referenced testimony from Chair Sted which supported the intent of the audits but requested a delay because of the reorganization. Ms. Takahashi indicated that the Senate committee delayed the start date for the audits until after January 2007.

IV.B.2.c)
Management
Audits of the
HCDCH,
Capital Fund
Program, and
Maintenance
Services
Section

There were no further questions by the Board Members.

Vice Chairman King indicated the next agenda item for discussion will be Item IV.B.4.

IV.B.4.
Development
Section
Monthly
Status

Mr. Tom Otake, Acting Development Section Chief, indicated that Mr. Stanley Fujimoto was available to present to the Board the updates on the status of requests for proposals for the Uluwehi and Kau'olu (Crown) projects, and the Senior Residence at Iwilei project.

Mr. Otake indicated that staff will be requesting the Board's approval for the Uluwehi project because staff feels that the Hawaii Coalition of Christian Churches (HCCC) has made progress on their conditions of the RFP. The progress includes the following:

- Staff received HCCC's supplemental business plan material which includes IRS tax exempt determination to the HCCC dated December 30, 2005.
- HCCC submitted their Quarterly Report of March 20, 2006, listing the 23 meetings that HCCC has had since their last status meeting with HCDCH.
- HCCC met with the Waianae Neighborhood Board and received a letter of support from them
- HCCC met with the Uluwehi Association, and the Association's Board gave HCCC written notice that they would be considered trespassers on Association property.
- HCCC has \$5 million grant-in-aid funds

Mr. Otake commented that with respect to the Waiahole Lot 79 lo'i, one of the difficulties encountered by staff has been the non-legal entity of the Waiahole Valley Community Association (WWCA). Although the WWCA purports to represent 82 of the approximately 96 lessees in the valley, staff does not know whether or not their claim is true. Mr. Otake said, "It is believed that the WWCA has not held any elections, as Mr. David Chinen has been president of the entity for as long as I have been here." The HCDCH is unable to enter into any legal agreement with the WWCA as they do not have the legal entity or authorization to sign legal documents. Most of the lessees do not comply with their lease agreement obligations, and some lessees are on the verge of evictions. Pursuant to the lease agreements, one per cent of the agricultural leases are supposed to be based on their tax returns. HCDCH receives less than \$5,000 per year which indicates that only a few of the lessees are really farming on their lands.

Mr. Otake indicated that Mr. Stanley Fujimoto is available to answer any questions from the Board Members.

At this time, Mr. Chris Sadayasu distributed copies of the DCC&Rs to the Board Members.

Director Thompson indicated his appreciation to staff for the good work that they are performing in meeting their challenges.

Director Smith also pointed out that the Board should be very cautious about legitimizing an organization that currently does not have any legal standing. Any signing of legal documents by the WWCA, as cosigner, would give them a stature which the organization may not merit.

With respect to the Uluwehi project, Director Smith indicated that it was her perception that the HCCC indicated to HCDCH that they would be able to raise the necessary funds via donations and contributions through the faith-based group. However, they are now requesting a \$5 million grant-in-aid from taxpayers for this project.

Mr. Stanley Fujimoto replied that the HCCC proposal was basically for debt free financing which meant that the HCCC was looking for any monies that did not require a payback. So, CIP funding was a source of funding that their proposal was based on.

Ms. Aveiro added that the original proposal of HCCC was made up of CIP and other monies. They were going to raise \$900,000 and had a component for private financing.

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Director Smith asked where the \$5 million grant-in-aid is coming from, and Mr. Fujimoto stated that the entire proposal was based upon HCCC focusing their efforts at obtaining monies that they may come across or they may obtain in trying to achieve their proposal. Basically, in proposals, you identify possible sources of funding even though the funding may not materialize. The HCCC did not estimate in their proposal how much they would be able to obtain.

Director Smith indicated that it would be helpful to the Board if staff would lay out what the HCCC originally proposed in terms of how they were going to structure the financing of the Uluwehi Project vs. what they are currently requesting. Director Smith felt that the Board should know whether or not the HCCC is making a good faith

effort to demonstrate that they have the capital resources and wherewithal to handle this project.

Kealakehe. Director Smith inquired into the status of the subdivision of the north boundary for the Kona non ceded lands. Mr. Stanley Fujimoto, HCDCH project manager, indicated that he would check on the status of the approval.

Senior Residence at Iwilei. Director Smith inquired whether HB 2240 was the bill that referred to the site with the historic building on it. Ms. Janice Takahashi explained that it related to the DAGS Civic Center site (adjacent to the Senior Residence at the Iwilei site) where DAGS is planning to do an office building. The bill requires that any office building at the site needs to include residential units.

Director Smith inquired into the effect of the DAGS' memorandum for Easement U which still listed issues remaining to be resolved. Mr. Stanley Fujimoto explained that although the memorandum listed unresolved issues, it essentially supports the Senior Residence at Iwilei project. The DLNR is moving ahead with approval based on the memorandum, and perhaps approval of Easement U will be scheduled for the next DLNR Board meeting on April 28, 2006.

There were no further questions from the Board Members.

Vice Chairman King indicated the next agenda item for discussion will be Item IV.B.5.

Executive Director Stephanie Aveiro indicated that the report to the Board has been modified as requested and a new section listing our significant projects has been added.

Mr. Ed Morimoto indicated that staff identified the top priority projects which are shown in **Bold** in Unit I and Unit II updates. They are the Kuhio Park Terrace fire alarm system, the Kuhio Park Terrace trash chute repairs, and the Noelani I and II interior repairs.

Ms. Aveiro said that the basis for the priority is health and safety, vacant unit turnarounds and the REAC inspection scores.

Director Smith commented on the organization of the list of priority projects, and found the report quite useful.

Director Thompson questioned if the funding available category meant that HCDCH had the funds in hand, and Mr. Morimoto confirmed that the funds are actually in hand.

There were no further questions by the Board Members.

At this point in the meeting, Director Thompson referred back to agenda item IV.B.6., Homeless Programs Branch Monthly Status, and referenced two items mentioned in Governor Lingle's mahalo letter dated April 3, 2006 to the attendees who participated in the Governor's Homelessness Summit Meeting. The Governor's letter indicated that two suggestions were raised at the meeting: 1) possible transfer of the RHTF monies to the counties, and 2) accelerated transfer of public housing projects to private entities

IV.B.5.
Construction
Management
Section
Project
Update I and II

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who can renovate and fill vacant units on an expedited basis. Director Thompson pointed out that these two items should be agenda items for the next Board meeting.

Director Smith also made a suggestion that the Homeless Programs Branch staff create a monthly listing showing the number of sites and bed space that are available for the total State-owned and private sector, nonprofit shelters.

Director Thompson also added that the HCDCH should be aggressive and take the lead in providing information and assistance to whatever area requires services. Vice Chairman King said the City and County of Honolulu should be included in this effort.

Vice Chairman King indicated the next agenda item for discussion will be Item IV.B.7.

Executive Director Aveiro had no comments on this item.

There were no questions by the Board Members.

IV.B.7.
Section 8
Subsidy
Programs
Branch
Monthly
Status

Vice Chairman King indicated the next agenda item for discussion will be Item IV.B.8.

Executive Director Aveiro had no comments on this item.

There were no questions by the Board Members.

IV.B.8.
Hearings
Office
Monthly
Status

Vice Chairman King indicated the next agenda item for discussion will be Item IV.B.9.

Executive Director Aveiro reported that the new Contracts and Procurement Office has been formed and the staff has undertaken many tasks during the last two or three months. They are trying to organize all of the contracts and procurement issues and are working very closely with the HUD Honolulu Field Office staff.

There were no questions from the Board Members.

IV.B.9.
Contracts and
Procurement
Office Monthly
Status

Vice Chairman King indicated the next agenda item for discussion will be Item IV.B.10.

Executive Director Aveiro indicated that she and Ms. Patti Miyamoto, Acting Administrative Services Officer, will be working together with the Board Finance Subcommittee to develop the financial reports. Ms. Aveiro mentioned that the finances for the Finance Branch programs on the F&D side are substantial; however, the financials on the public housing side needs a thorough review. Ms. Aveiro indicated that they are would like to meet with the Finance Subcommittee prior to the next Board meeting on May 18, 2006.

Director Thompson inquired about the status of the position vacancies in HCDCH's accounting office. Executive Director Aveiro has indicated to the Governor's Chief of Staff, and the DHS Director's Office that it is critical that the vacancies be filled. But staff has encountered many difficulties trying to get the positions filled. For example, Director Thompson participated in the interview for the Chief Financial Officer position for the F&D side. The position was offered, and the applicant accepted. However, because the position is an exempt, time-limited position, that position has a not-to-exceed date of 6/30/06. These positions extend year after year. The DHS is saying that they don't anticipate extending beyond June 30 because the position will

IV.B.10.
Budget and
Accounting
Offices
Monthly
Status

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not be under DHS. And DBEDT won't commit to extending beyond June 30 because the position will not be under DBEDT until July 1, 2006. Therefore, what person will accept a position without any benefits for three months?

Director Thompson indicated that he participated in that interview in good faith; the applicant was interviewed very carefully, and was ranked for this senior management position. He added that there just aren't many good capable people around, and this is not a way to recruit people.

Ms. Aveiro added that unless the position is extended, the HCDCH cannot offer benefits to the employee. And the paperwork to extend the position cannot be done because the position is going to a new agency. That is the policy.

Ms. Aveiro indicated that staff is working with both the DHS and DBEDT to resolve this situation.

The last item on the agenda is Item IV.C.

Executive Director had no comment on this item.

There were no comments by the Board Members.

IV.C.
Report on
Contracts
and Change
Orders Over
\$25,000

There being no further questions, Vice Chairman King asked for a motion to adjourn the meeting.

**ADJOURN-
MENT**

Director Thompson moved, seconded by Director Jung,

That the meeting be adjourned at 3:30 p.m.

The motion was unanimously carried.

LILLIAN B. KOLLER, ESQ.
Secretary

Approved:

